

**Before the
Federal Communications Commission
Washington, D.C. 20554**

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Policy and Rules Concerning the)	CC Docket No. 96-61
Interstate, Interexchange Marketplace)	
Implementation of Section 254(g) of the)	
Communications Act of 1934, as amended)	
)	
1998 Biennial Regulatory Review -)	
Review of Customer Premises Equipment)	CC Docket No. 98-183
and Enhanced Services Unbundling Rules)	
in the Interexchange, Exchange Access)	
and Local Exchange Markets)	

REPLY COMMENTS OF SBC COMMUNICATIONS INC.

SBC Communications Inc., on behalf of itself and its subsidiaries, (collectively referenced as "SBC") continues to assert through these Reply Comments¹ that the test for eliminating bundling restrictions for all carriers has been met. Certain interexchange carriers filing Comments in this proceeding² would seek to restrain incumbent local exchange carriers ("ILECs") based on the spurious claim that the ILECs are somehow in a position to uniquely and adversely effect competition in the enhanced services and customer premises equipment ("CPE") markets. The motivation behind these Comments is clear - if the ILECs are restricted in relation to their offerings while interexchange carriers are free to bundle local and long distance services with CPE and/or enhanced services, a strong element of the interexchange carriers' current competition will be

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¹ SBC previously filed Comments with regard to the Further Notice of Proposed Rulemaking released in the above-captioned dockets on October 9, 1998.

² MCI Comments, pp.23-29; AT&T, pp.15-16.

virtually eliminated. If the Commission is to foster a fully competitive marketplace with regard to these services and products, then it must provide parity to all competitors, not simply an advantaged group.

Because SBC believes the record as it now stands fully details the need for and appropriateness of such relief, further argument is unnecessary. SBC does, however, feel compelled to answer certain unfounded accusations made against Pacific Bell.

First, the Commission should discount the allegations contained in the Comments filed by Nationwide Business Telephone Systems, L.L.C. d/b/a Team Centrex ("Team Centrex"). Team Centrex's recitation of "facts" is no more than the selective accusations of an unsuccessful and disgruntled litigant. The claims made by Team Centrex in its Comments formed the basis of a state law action filed by Team Centrex against Pacific Bell in 1992.³ This matter was tried over a five-week period in May 1996 and resulted in over 3,000 pages of testimony, only nine pages of which were cited out of context and attached to Team Centrex's Comments. Judgment in that lawsuit was entered in favor of Pacific Bell on all counts.⁴ This judgement recently was affirmed by the California Court of Appeals. Team Centrex, having exhausted this course of action, now is threatening to file a federal action, as well as a Commission complaint, with regard to the very same issues raised and dismissed in the state court proceeding. Clearly, the interests of Team Centrex in filing Comments in these dockets is not to promote serious discussion of the applicability of bundling restrictions, but rather is an attempt to further its own personal

³ Nationwide Business Telephones, Inc. d/b/a Team Centrex vs. Pacific Bell, Superior Court of Los Angeles County, California, Case No. BC 009783.

⁴ With respect to Team Centrex's claims of alleged state antitrust violations, the trial court granted Pacific Bell's motion for summary judgement. As to the remaining claims, the trial court entered a directed verdict.

vendetta. No doubt, Team Centrex is hoping to prejudice the Commission against Pacific Bell in anticipation of future proceedings. Having been apprised of Team Centrex's agenda, SBC is confident concerning appropriate action by the Commission in relation to Team Centrex's Comments.

SBC also denies the accusations made against Pacific Bell by the Commercial Internet Exchange Association ("CIX").⁵ A review of the website cited by CIX demonstrates that Internet service is offered by Pacific Bell Internet Services ("PBI"), a separate and distinct company from Pacific Bell which provides its ADSL service pursuant to tariff. CIX complains about Pacific Bell's waiver of installation charges on ADSL and PBI's waiver of installation charges on Internet access. For each type of installation, the waiver of the respective charge is based upon whether the customer agrees to a term arrangement, rather than month-to-month service. Term discounts of this nature are common in the industry and are not proscribed. The term discount for ADSL installations is in Pacific Bell's ADSL tariff. It is offered to any customer, and is not conditioned upon the customer's subscription to Internet service, whether provided by PBI or any other Internet provider.

⁵ CIX Comments, p. 9.

CONCLUSION

The state of competition today supports the elimination of bundling restrictions related to CPE and enhanced services. As discussed fully by SBC in its Comments, such action by the Commission would foster new products at discounted prices for consumers and, thus is clearly in the public interest. However, to allow only interexchange carriers this freedom would serve to impede, rather than promote, full competition. SBC encourages the Commission to maintain the parity, which currently exists in this market, by having its determination apply to both local exchange carriers and interexchange carriers without irrelevant differentiation.

Respectfully submitted,

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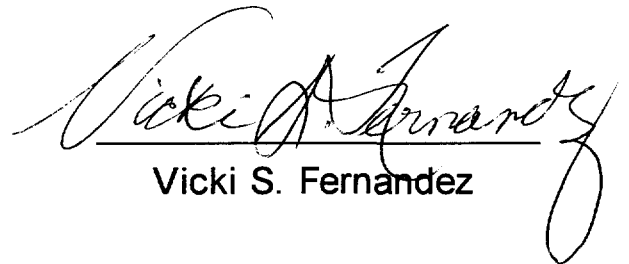
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December 23, 1998

CERTIFICATE OF SERVICE

I, Vicki S. Fernandez, hereby certify that the foregoing,
“ Comments of SBC Communications, Inc.,” in CC Docket No. 96-
61, 98-183 has been filed this 23rd day of December 1998, to
the Parties of Record.


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